



Illinois Department of Revenue



e-Connection

"Make life less taxing."

Brian Hamer, Director of Revenue

January 2006

Keeping an Eye on Tax Matters

No more paper IL-1040s!

The Illinois Department of Revenue is moving toward increased electronic filing of tax returns because electronic returns reduce errors, are less expensive to process, and allow us to provide better service to taxpayers.

We have taken steps to encourage tax professionals to file their clients returns electronically, including:

- Expedited processing — We processed electronic returns in three days last year, compared to six weeks for paper returns. This means fewer calls from your clients wondering where their refunds are.
- Toll-free assistance — We established a special toll-free line for professionals who file their returns electronically so they can quickly resolve problems with electronic returns.
- Improved processing — Based on your input, we have changed our processing of electronic returns to further reduce delays in paying refunds on accurately filed returns.

Electronic filing is not mandated, but it makes sense for both tax professionals and their clients. Our priority is to get all tax returns filed electronically. Please encourage your clients to file their returns electronically this year.

What's the 2005 IL-1040 news?

- If your clients are members of a professional athletic team, you must check a new box on the IL-1040.
- Remind your clients about the checkoff funds on the IL-1040. Eight new ones have been added this year.
- Schedule M, Other Additions and Subtractions, now has separate lines for claiming mutual mortgage insurance funds bonds and certain non-U.S. government bond interest subtractions. Also, contributions made to a "College Illinois" or "Bright Directions" savings plans may now be subtracted (with limitations).
- Form RC-44, Illinois Cigarette Use Tax Return, has been included in the 2005 IL-1040 booklet.

Earn a little gold.



We will soon be starting our **Gold Star Club** for those EROs who are committed to excellence. Please stay tuned.

Direct your clients to payment warehousing.

Encourage your clients who owe tax to pay electronically and warehouse their payments. This means you can enter their banking information when they file electronically and the transaction will be made the day you have directed.

Also, for those clients that are required to make estimated payments, you may want to use WebPay on our web site to warehouse those payments and any payments made when filing IL-505-I, Automatic Extension Payment.

Get our new income tax publications

- **Publication 119, K-12 Education Expense Credit General Rules and Requirements for Home Schools.**
- **Publication 120, Retirement Income.**
- **Publication 121, Illinois Income Tax Withholding for Household Employees.**

Get fast answers and quick resolution of electronic filing problems!

1 866 440-8680 (8 a.m. to 5 p.m.)

eConnection@revenue.state.il.us



tax.illinois.gov

Do you file sales tax returns?

If you file ST-1s for your clients, try one of our three electronic methods.

- WebFile is free. Go to e-Services for Businesses on our web site.
- TeleFile is another free option that allows certain taxpayers to file by phone.
- Tax-prep software is our newest method. You must have software to do this. You may write your own software or choose from a list of software vendors on our web site. All participants must complete Form IL-8633-B.

Detailed information about each filing options is on our web site.

Do you file payroll tax returns?

Consider using TaxNet or FSET.

- TaxNet allows businesses to file the unemployment insurance tax and the Illinois withholding tax electronically at the same time.
- FSET (Fed/State Employment Taxes) is a program for large employers and payroll companies to electronically file and pay both their federal and Illinois employment taxes. This program is open to software developers, transmitters, and payroll service providers who act as "reporting agents."

Both are explained in detail on our web site under "e-Services for Businesses."



Use the **Taxpayer Answer Center** on our web site to get answers to tax questions.

- Get answers fast!
- No more waiting on hold!
- No more looking for links!

If you cannot find your tax answer using the **Taxpayer Answer Center**, use our new Google search.

Changes in payroll taxes for household employers.

Paying taxes for a nanny, housekeeper, or other household employee used to be painful. Now it's easy!

- Once a year!
- One place!
- No paperwork!

File on-line at **household.illinois.gov**.

Tell your clients . . .

- when to expect their refunds. Our 2006 Refund Cycle Chart is now on our web site. Based on the day the return was transmitted, this chart will tell you when to expect the direct deposit or the paper check.
- to file an Illinois use tax return if they purchased cigarettes or other merchandise outside Illinois (including internet purchases). See forms RC-44, Cigarette Use Tax Return, and ST-44, Illinois Use Tax Return, for more details.

Hey, where are you?

Do we have your current address, telephone number, contact person, and e-mail address? If not, please give us a call at 1 866 440-8680 or complete a revised IL-8633-I, Application to File Illinois Individual Income Tax Returns Electronically. Thanks!



Make Life Less Taxing